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## Painful progress - Mongolia

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### ULAN BATOR

MODERN Mongolians, despite the reputation of their national hero Genghis Khan, do not readily destroy the trappings of the past. In Ulan Bator, the world's coldest capital, Lenin still stands defiantly near the vast Soviet-style central square. The remains of Choibalsan - know as the 'Mongolian Stalin' because of his responsibility for the deaths of possibly 100,000 of his countrymen in the 1930s and 1940s - still rest undisturbed, along with Sukhbaatar, founder of Communist Mongolia. They share a mausoleum reminiscent of Lenin's own. The ruling party, the Mongolian People's Revolutionary Party, has not even bothered to change its name.

Underneath the trappings, however, Mongolia is a changed land. The transition to a market economy has been painful, but the economy is now growing, unlike those in Mongolia's ex-Soviet neighbours in Central Asia. Inflation has slowed and the government of ex-communists is planning more reforms. It is also trying to deal with the social problems caused by liberalisation.

The young are keen to become businessmen. English is the foreign language of choice. Entrepreneurs take the Trans-Siberian railway to Moscow and the west to buy goods for resale back home. Many Mongolians now study abroad.

Mongolia's economy took a severe knock with the end of subsidies from the Soviet Union, which had been equivalent to 30% of GDP in the mid-1980s. But the country adopted privatisation through the distribution of vouchers in 1992, just after the first such scheme was tried by the Czechs. Last year GDP grew by about 2%, according to the IMF. Growth of 3.5% is expected in 1995.

All the small enterprises formerly owned by the state are now privatised. But some large ones are still in the state's hands. Many Mongolians fear the inequalities that have followed the introduction of capitalism. Land privatisation has been held up. And worried about social unrest, the government continues to subsidise fuel and the utilities, although other price controls have been scrapped. In a land where the average temperature is below freezing for seven months of the year, big rises in the cost of heating are simply unacceptable.

While Mongolians tend to be optimistic about the future, they acknowledge that the transition to a free market has been hard. Poverty and unemployment did not really exist before, but about 22% of the population of 2.2m now live below the poverty line.

Unemployment last year stood at nearly 9%. The average wage is about 16,000 tugriks (\$ 35) a month, less than half of what a family of four requires to live reasonably.

The government of President Punsalmaagin Ochirbat hopes that improved infrastructure will speed economic growth. Mongolia is the size of Western Europe, but most roads outside the capital are no more than tyre tracks across the steppe. Foreign investment is also welcome, up to a point. The government wants to keep some control over its main industries. It is especially wary of China. Many Chinese consider what they call Outer Mongolia to be part of China, as Inner Mongolia is. Mongolia's self-imposed servitude to Russia during the communist period was endured partly on the ground that it was preferable to becoming another Tibet. Now that Russia is no longer the protective big brother, Mongolia keeps a watchful eye on its southern neighbour.

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